



Town of Vienna

Charles A. Robinson Jr.
Town Hall
127 Center Street South
Vienna VA, 22180

Meeting Minutes Town Council Work Session

Monday, January 22, 2018

7:45 PM

Charles A. Robinson, Jr. Town Hall, 127
Center Street, South

Work Session

1. Regular Business

Present:

Mayor Laurie A. DiRocco
Council Member Tara L. Bloch
Council Member Linda J. Colbert
Council Member Pasha M. Majdi
Council Member Douglas E. Noble
Council Member Carey J. Sienicki
Council Member Howard J. Springsteen

Staff present:

Mercury T. Payton, Town Manager
Steven D. Briglia, Town Attorney
Leslie Herman, Parks and Recreation, Director
Marion Serfass, Finance, Director
Jerry Derosa, Finance, Fiscal Agent
Michelle Pagano-Dierkes, Finance, Deputy Director
David Donahue, Public Works, Deputy Director
Hyojung Garland, Planning and Zoning, Deputy Director
Michael D'Orazio, Planning and Zoning, Planner
Ahmed Billel, Information Technology, Deputy Director
Carol S. Waters, Legislative, Deputy Town Clerk

A. [18-707](#) 2018 4th of July Evening Show and Fireworks at Madison High School

Mr. Payton announced that the Fourth of July evening show and fireworks agenda item had been cancelled for this work session. He said that the fireworks display would probably just be kept at its current site for this year, at least.

B. [18-708](#) Mid-year Financial Review for Fiscal Year 2018

Attachments: [01-22-18 FY18 Mid Year Financial Doc](#)

Finance Director Marion Serfass started the review with page one of the Town of Vienna, Fiscal Year Ending 2018 Mid-Year Financial Report. As cited from the Mid-Year Report, the Town ended 2017 in stable condition, with General and Debt Service Funds ending the year with a combined revenue of over 24.8 million dollars. This is a decrease of \$168,000.00, or 0.7%, from the previous year. The General Fund revenue decreased from 2016 to 2017 mainly due to two things: a decrease in bank stock taxes, and in 2016 there had been a one-time donation of over \$400,000.00 for the Water's Field turf maintenance. However, meals taxes and the debt service fund increased by \$170,000.00, or 6.8 %, over 2016. The Finance Director stated that

meals taxes are going up mainly because of the effect of these new restaurants that opened in 2016. Meals and lodging tax revenue exceeded projections for Fiscal Year Ending 2017. Ms. Serfass further cited that the unassigned General Fund Balance ended the year at almost 4.5 million dollars, which equates to 18.4% of the next year's General Fund Budget. That amount is equivalent to 67 calendar days of expenditures. As Ms. Serfass explained, the GFOA (Government Finance Officers Association) recommends maintaining an unassigned balance of 2 months of expenditures, or 16.7% of the General Fund budget. She stated that this is the 7th consecutive year that the Town has exceeded the GFOA prescribed amount by more than 1%. Mayor DiRocco remarked that in the past, Vienna had always talked about maintaining approximately 15%, but it seems that 16.7% is the right place for Vienna, and she wants to continue to maintain that percentage as they move forward. Ms. Serfass added that the Town might want to revisit its financial policy because the policy actually states 10%. The Mayor agreed. Ms. Serfass suggested that the policy should be something that can be achieved, so 16.7% would be what we want to make sure we achieve, and not 18% which would be sort of a "stretch" goal. Council Members spoke briefly on their desire to continue following the best accounting practices.

Marion Serfass went on to say that the water and sewer fund had a pretty good year in 2017 and noted the 7% increase in operating revenues. More details, as presented in the Mid-Year report, were read through (see attached) and discussed. Council Members asked about investing in capital upgrades for the water and sewer system and replacing water and sewer lines in the Town's aging system. The Town Manager reported that the Town invests at least one million dollars in the water and sewer system every year, although consultants had once advised investing two million annually. Ms. Serfass said water and sewer expenses are funded by water and sewer revenue, a water and sewer rate study is currently underway, and the Council Work Session of March 5, 2018 would focus on those rates. She also noted that the Town had reserved approximately \$400,000.00 from developers' capital contributions and she acknowledged that those funds should be spent on capital improvements (such as water and sewer lines).

Continuing to go through the charts and graphs in the mid-year report (attached), the Finance Director noted that to date, taxable properties were up 3%. Delinquent tax balances increased 3.5%, which she attributed to Fairfax County's 3% assessment increase. Ms. Serfass continued to field questions and share financial reports (all are attached). Forecasted trends look favorable, but Ms. Serfass stated that at this point in the year, she wanted to be really conservative and not forecast any kind of surplus.

Council articulated the financial advantages of maintaining a Triple A Bond Rating. They pointed out that by being good financial stewards, they save the Town hundreds of thousands of dollars because the Town qualifies for the most favorable terms on bonds.

C. [18-710](#) Capital Improvement Plan Update

Attachments: [NVTa Fact Sheet](#)
[01-22-18 TOV Capital Budget Update](#)

The Town Manager spoke of Council's interest in developing a parking structure of some sort in Town. He reported that he had asked the budget committee to come up with funding options for a parking structure project other than raising meals tax.

In speaking with the NVTa (Northern Virginia Transportation Authority), Mr. Payton had learned that parking structures may qualify for NVTa funding. He said NVTa typically funds projects which have to do with regional traffic mitigation that crosses jurisdictional boundaries. Mr. Payton further noted that the Town of Vienna is one of NVTa's regional contributors, and for the last few years Vienna has not had projects which would qualify for their funding. It was discussed that about every five years or so, NVTa offers a chance for 70% project funding but the most recent window of opportunity for that closed December 15, 2017. Council recommended investigating more about NVTa funding possibilities.

The Finance Director reiterated that Mr. Payton had challenged the Finance Department to find ways to raise enough money for a parking structure without raising the meals tax. She said the whole purpose of this work session presentation was to show Council that there are many ways to do it. Ms. Serfass extended "lots of thanks to Jerry Derosa," who is the grant fiscal agent. She then advised that they want to try to maintain a debt service fund balance of about \$4,000,000.00 in order to "keep a nice cushion." She gave details about the debt service fund balance's recent history. Ms. Serfass noted that in their financial calculation models, they use conservative assumptions of interest rate returns and conservative assumptions for the meals tax growth rate.

Council Members presented various questions and concerns. Ms. Serfass gave an accounting of three different scenarios and their respective impacts to the debt service fund balance. None of the three scenarios increased the meals tax. The Finance Department recommended Scenario #1.

- Scenario #1 added a Mill Street parking structure, assuming 50% funding from NVTa, the Town financing \$2.3 million, and the Town delaying six other capital improvement projects two to four years.*
- Scenario #2 assumed 100% NVTa funding for a parking structure at the Patrick Henry Library site when that project is delayed from 2020 to 2028, and if the Town increased all bonds from 15 year to 20 year bond funding. (Reportedly, Fairfax County and the Library Trustee Board have a potential project scheduled for 2026, but they are open to discussing changing that.)*
- Scenario #3 assumed an increase in all bonds from 15 year to 20 year bond funding.*

Ms. Serfass explained that the Town normally chooses 15 year bond funding because it is more conservative and pays off the debt faster. She said that is another "good practice" that Vienna has. Per Ms. Serfass, the Commonwealth of Virginia allows jurisdictions to carry an overall debt balance equal to 10% of their assessed value, which in Vienna's case is \$4 Billion. For emphasis, she remarked "that is 400 Million dollars." She stated that the Town of Vienna's total debt balance does not get over 1%.

In working with the financial advisors on the bond and bond sizing, Marion Serfass reported learning that those advisors anticipate the Town may receive a premium on this bond. With a principle amount of \$7.9 million, they are projecting it could be \$1,000,000.00. Ms. Serfass remarked that it could be used for extra capital funding.

The Mayor thanked Ms. Serfass for putting the scenarios together and providing all

of the information, and reminded her to get back to Council with a look at the impact of the interest versus the principle on the 20 year bonds, plus a calculation of dollars saved because of having a triple A bond rating.

2. Meeting Adjournment

The Town Council Work Session of January 22, 2018 adjourned at 9:33 p.m.

Mayor Laurie A. DiRocco

Signed / Dated: _____

Attest: _____

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